

## **Not for release in the United States, Canada or Japan**

18 March 2010

Salamander Energy plc  
(the "Company" or "Group")

### **Launch of US\$85 million convertible bond**

Salamander Energy plc announces that it intends to make an offering (the "Offering") of approximately US\$85 million of senior, unsecured convertible bonds due 2015 (the "Bonds"). The aggregate principal amount of the issue is US\$85 million (which may be increased to US\$100 million in the event the increase option is exercised in full).

The Bonds will be convertible into ordinary shares of the Company (the "Shares") and are expected to have a semi-annual coupon in the range of 4.75% - 5.75% per annum and a conversion price set at a premium in the range of 32.5% - 37.5% above the volume weighted average price of the Shares on the London Stock Exchange between launch and pricing. The Bonds will be issued at 100% of their principal amount and, unless previously redeemed, converted or cancelled, will mature on the fifth anniversary of the issue in 2015. The Company will have the option to call the Bonds after the first three years, if the price of the Shares exceeds 130% of the then prevailing conversion price over a specified period. The final terms of the Bonds are expected to be announced today.

The net proceeds of the Offering will be used to allow the Group to react promptly to opportunities to broaden and diversify its Asian portfolio. As a first step, the Group today announced one such transaction that involved agreement to acquire a 50% interest in and operatorship of Block 101-100/04, Offshore Northern Vietnam.

Under the terms of the Offering, there will be a 90-day lock-up period on issuances or sales of shares or equity-linked securities by the Company, subject to certain customary exceptions.

Settlement and delivery of the Bonds is expected to take place no later than 30 March 2010.

Application will be made to list the Bonds on the Official List of the United Kingdom Listing Authority and to admit the Bonds to trading on the London Stock Exchange's Professional Securities Market. The Company's Shares are listed on the London Stock Exchange.

The Bonds will be placed through an accelerated bookbuilt placement with institutional investors (outside the United States) conducted by Goldman Sachs International, acting as sole Bookrunner in connection with the Offering. EQL Capital and Oriel Securities are acting as Joint Lead Managers.

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